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# The LTC Insurance War On Tragedy

**T**here are five core products that any American with assets to accumulate and/or protect must have:

- ✓ Life insurance.
- ✓ Medical insurance.
- ✓ Disability insurance.
- ✓ Retirement income plan.
- ✓ Long term care insurance.

**Most Americans with assets have the first four products, but why don't they have the fifth?**

The assets in a retirement plan can be destroyed without long term care insurance. We all know this, and we know that the risk is high that this could happen. LTC insurance must go hand in hand with a retirement income plan. *The logic is unassailable, so why don't most of us use our God-given brains and act on this logic?*

One of the most positive attributes about the United States culture is the optimism of its citizens. We are taught at an early age that we can lick any problem in life; that we are the makers of our own destiny; and that we can "climb every mountain," not in advance, but whenever a situation arises in which we need to. This is especially true of the baby boomers and younger generations, who have not experienced a major depression or a world war, and who generally fail to plan.

Our optimism is a great national asset, but this is precisely the wrong attitude when it comes to planning for long term care—it creates denial and procrastination. People believe that they can worry about long term care later; therefore, long term care insurance is a low priority for most

Americans. Even though many would agree that long term care insurance belongs in the top five list, they will often avoid the issue and thereby self-insure, which leads to tragic scenarios when they become ill and have no long term care plan.

The mandate for the long term care industry is to overcome this attitude, but it won't be an easy task. We have made some major mistakes in pricing, and a few "rotten apple" companies have exited the industry and are hurting us with some bad claims adjudication. We have allowed some misconceptions about our product to become commonly accepted impressions within the financial community. The most common misconceptions are that LTC insurance is complicated, too expensive and, therefore, not a good value.

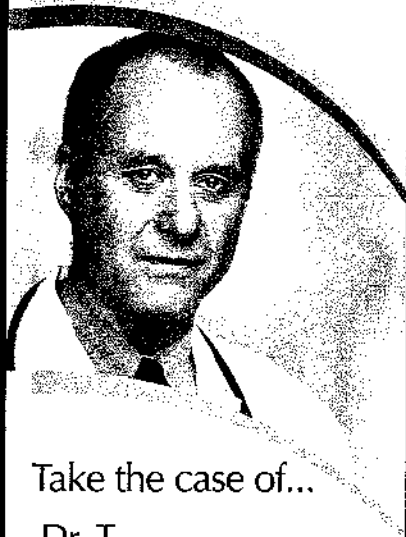
*Too complicated? Compared to what? Life insurance is not complicated?* Most life insurance agents have no idea what values in a universal life contract are guaranteed, let alone in a variable life contract. Most agents who sell annuities have no idea whether to recommend point-to-point averaging, high-water marks, etc., or what the best method and timing are to annuitize a contract. Most financial planners are fortunate if they can make specific recommendations from the thousands of mutual funds available, and that's only one of the products they are supposed to know all about.

Long term care insurance has a few moving parts, but in general, it is far less complicated than other forms of personal lines insurance. It's complicated only to those

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# Disability Insurance

"When your traditional carrier cannot or will not..."



Take the case of...

Dr. T

Dr. T chose to cut back on his work hours in order to have more family time. This resulted in him not being able to exercise his Future Increase Options on his two traditional disability policies because his income had not increased sufficiently.

Now the children are off to private colleges. He needs more disability insurance especially during these college years.

Who would issue more disability insurance to Doctor T?



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## GENERAL INTEREST

### Brownstone

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who have not taken the time to educate themselves on the basic points. There are only a handful of carriers and products to consider. The sales track need not include the nuances that many long term care insurance specialists feel the need to include. Some long term care insurance policies have become so simple that selling them is as uncomplicated as selling term insurance.

**Too expensive? Compared to what?** For a 57-year-old, an investment of \$2,500 per year or less for four years of LTC insurance coverage at \$150 per day (or a \$219,000 pool of money) will cost \$75,000 over 30 years. At 5 percent compound inflation, the pool of money would then be worth about \$900,000, or 12 times the total cost. What's expensive about that? *Sounds like a great leveraging of capital to me.*

**We've got to change our message. Long term care insurance is not complicated or expensive!**

We have to convince the financial community that this is a core product which must be sold to complete a financial plan. If an insurance specialist is uncomfortable selling LTCL, he should partner through a strategic alliance with a long term care insurance specialist.

**The industry needs a public relations campaign to spin our product more positively.** This campaign needs to be aimed first at the financial community and supported by all in our industry. Members of the financial community must be brought on board and then the government so the general public can be influenced. Members of the financial community will understand the financial advantages of owning long term care insurance, but they need to understand the emotional advantages as well.

**The main financial argument in favor of long term care insurance is that it builds a firewall around a retirement plan.** The main emotional argument is that long term care insurance brings peace of mind and support to the policyholder's family in time of need.

The emotional argument, it seems to me, must be *spun* in a very provocative and emotional way. In my view, the long term care insurance industry is fighting a war...

*a war on tragedy.* We have seen first-hand the tragic scenarios that illness can bring to an unprepared family, and our charge is to eliminate as many of them as possible. We should not be afraid to tell these scenarios like they really are...what it's really like to die tragically.

For example, a husband with moderate Alzheimer's trying to take care of his wife with more severe Alzheimer's because they can't afford to enter a nursing home. Forty years of a loving marriage ruined by misunderstandings which result in fighting between two angry people who can't understand why things have changed between them so drastically.

Let's tell it like it really is, and then people will ask, "Who wants to end their life in a scenario like that? What can a person do to avoid this?"

The solution is simple—create a long term care insurance plan. Don't procrastinate. The enemy is *denial*. Denial can lead to disaster, a tragic long term care scenario, usually at the end of one's life, but a disaster that can happen at any time.

We in the long term care insurance industry are going to overcome the denial. We're going to win this war and sign up more and more Americans. We know that advances in medical science will enable us to live longer, which in turn makes it more likely that we'll get sick...and need long term care.

Our story is compelling. We've covered eight million people so far, and we're covering more and more every day. We'll get the CPAs, financial planners and elder law attorneys to believe in our core product and recommend it to their clients. We can make it easy for them to do so by partnering with them. We'll talk to people in their homes and where they work. We won't stop until our war is won.

That's our story. It will take a large and not necessarily expensive public relations effort to tell it properly. Who will step forward? Who will organize this war? It will take a concerted effort by carriers, distributors, lobbying groups and associations, government, and concerned citizens. How can we as an industry get this done?

**The ball is in our court. Ⓢ**